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Australia

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:
The CY 2003 apple crop is expected to rise 11 percent to 328,000 MT, despite current drought conditions. Apple exports are expected to rise to 35,000 MT in CY 2003, 38 percent higher than the previous year. Apple imports are virtually banned due to quarantine concerns. Pear production in CY 2003 is projected at 175,000 MT, 6 percent higher than the previous year. Pear exports in CY 2003 are expected to total 20,000 MT, up 11 percent from 15,696 MT shipped in the previous year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary

Apple production is estimated at 295 TMT in CY 2002 (harvested March-May 2002), an increase of 10,000 MT on the previous year. The growing season was without significant weather events such as hail or frost but drought conditions across much of the Australian continent constrained apple production to slightly below "average" levels. The CY 2001 and 2002 apple crops were the smallest since CY 1996.

The CY 2003 apple crop (to be harvested March-July 2003) is forecast by Post to increase around 11 percent to 328,000 MT. Despite drought conditions at time of writing this report, industry sources suggest that in these early stages of the growing season the crop looks to be above average. Drier and warmer conditions have reduced pest and disease problems dramatically and have greatly assisted the chemical thinning process.

Exports of apples for the period January to October 2002 were 25 percent lower than the same period in the previous year. Industry sources believe that poorer quality, caused by adverse climatic conditions, was responsible for the fall in exports. Post has revised exports slightly downwards for CY 2002 based on partial year data.

In January 1999, New Zealand lodged another access request for apples with Biosecurity Australia (BA) on the basis of “least trade restrictive measure." On October 11, 2000, BA issued a draft Import Risk Analysis (IRA) which set out the conditions under which New Zealand apples could be imported. More than 100 responses have been submitted including from the United States and New Zealand Governments. BA has published the risk assessment panel which will over see the completion of the final IRA. BA also published a "Scientific Review Paper" in July 2002 and the panel is currently working through the relevant issues.

Post estimates the CY 2002 pear crop (harvested in May-June 2002) at 165 TMT, 2 percent lower than the previous year and unchanged from the previous estimate. Widespread drought conditions will constrain production to virtually the same level as 2001. However, industry sources believe that the quality of the 2002 crop will improve significantly on the previous year as dry conditions have prevented significant pest and disease outbreaks. Post advises that, although industry sources remain confident of this level of production, worsening drought conditions could see water diverted away from pear production toward apple production at the on-farm level.

Post forecasts pear production for CY 2003 to increase six percent to 175,000 MT. This forecast takes into account drought conditions at the time of writing this report, but assumes a return to more normal weather conditions in the near future. With the current health of the crop rated as above average, above average rainfall during the remainder of the growing season could see production increase above Post’s forecast.

Export figures for pears for the first nine months of CY 2002 show a seven percent increase when compared with the same period for the previous year. Despite significant falls in exports to Singapore and Malaysia (Australia’s two largest markets), dramatic increases were experienced in smaller markets such as Indonesia, Canada and New Zealand. Post has increased the export estimate for CY 2002 to 18,030 MT, in line with the increase in year-to-date figures.

Post anticipates that despite the current drought, a slightly larger crop in CY 2003, improved average quality and higher levels of fruit suitable for export should see pear exports increase 11 percent to around 20,000 MT.

Fresh Apples

Production

PSD Table						
Country	Australia					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	19700	25000	19700	25000	0	25000
Area Harvested	0	0	0	0	0	0
Bearing Trees	6100	6300	6100	6400	0	6500
Non-Bearing Trees	2300	3699	2300	3752	0	3811
Total Trees	8400	9999	8400	10152	0	10311
Commercial Production	285000	285000	295000	295000	0	328000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	285000	285000	295000	295000	0	328000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	285000	285000	295000	295000	0	328000
Domestic Fresh Consump	130000	130000	128000	128000	0	135000
Exports, Fresh Only	33857	33857	26000	25393	0	35000
For Processing	121143	121143	141000	141607	0	158000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	285000	285000	295000	295000	0	328000

General

Apple production is estimated at 295 TMT in CY 2002 (harvested March-May 2002), an increase of 10,000 MT on the previous year. The growing season was without significant weather events such as hail or frost, but drought conditions across much of the Australian continent constrained apple production to slightly below "average" levels. The CY 2001 and 2002 apple crops were the smallest since CY 1996.

The CY 2003 apple crop (to be harvested March-May 2003) is forecast by Post to increase around 11 percent to 328,000 MT. Despite drought conditions at time of writing this report, industry sources suggest that in these early stages of the growing season the crop looks to be above average. Drier and warmer than normal conditions have reduced pest and disease problems dramatically and have greatly assisted the chemical thinning process.

Industry sources predict that sufficient and timely rainfall over the next three months could easily push the CY 2003 crop to 350,000 MT. However, given the severity of the current drought, Post has opted for a more conservative forecast. Recent reports of hail in apple growing areas of Victoria could also constrain production.

According to the Australian Bureau of Statistics (ABS), there were 1,047 establishments growing apples and pears as of the 30th of June 2001. More than one third of these were located in Victoria. Historic ABS records show the total number of apple trees to be increasing at around two percent per annum and Post projects that this will continue for the medium term. Post has assumed that 63 percent of the total trees planted are bearing fruit, in line with a report commissioned by the GOA. (See Section Crop Area for fresh apples).

Apples are produced in all six Australian states, with Victoria and N.S.W. producing 34 percent and 18 percent of the national crop respectively. Tasmania and WA also produce large apple crops and contribute around 17 percent and 14 percent of the national crop respectively. Queensland and South Australia are minor apple producing states, producing 10 percent and seven percent respectively.

Yield

According to the ABS, the national average yield per tree in CY 2001 was about 50 kg. However, yields varied widely across states with Victoria averaging a high of 62.5 kg and SA averaging a low of 37.8 kg.

Consumption

General

The ABS no longer publishes per capita consumption figures. However, figures published for 1998/99, showed per capita consumption had reached 15.3 kg, up four percent on the 14.7 kg achieved the previous year.

Prices

Slightly smaller sized crops in CY 2001 and CY 2002 have kept prices relatively firm in recent times. Drought conditions at time of writing this report are likely to constrain production on the upside. Post anticipates prices to remain relatively firm into CY 2003.

Crop Area

The composition of the Australian apple crop area continues to change due to the reduction in plantings of older varieties and an increase in plantings of new varieties. The newer varieties bear earlier and are targeted toward the higher price end of the domestic and export markets.

A report commissioned by the GOA put apple tree plantings at 9.7 million trees for 2000, and the area planted at approximately 25,000 hectares. Of these trees, five percent were less than one year, 32 percent were aged between one and five years and 63 percent were 6 years and over. Post has revised area and tree numbers to reflect these figures.

Inputs

According to a report commissioned by the GOA, input costs per hectare of apples in Australia (A$5,900) are lower than those for both South Africa (A$6,900) and New Zealand (A$8,500). However, input costs per ton were higher in Australia (A$380) compared to South Africa (A$182) and New Zealand (A$185). The U.S. compared favorably in this report with input costs at A$116 per MT.

Crop Quality

Industry sources have suggested that crop quality in CY 2002 was below average. This below average quality is believed responsible for a slightly poorer export performance. Hot conditions toward the end of the season combined with high winds in some areas is believed to have been responsible for higher than normal levels of chafing and fruit damage.

Crop quality in CY 2003 is expected to be average to above average. Although it is early in the season, drier and warmer than normal conditions have greatly reduced pest and disease problems and assuming average weather conditions from now until harvest, average to above average crop quality should result.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Apples		
Time period	Cal Yr	Units:	MT
Exports for:	2001		2002
U.S.	0	U.S.	116
Others		Others	
Malaysia	7749	Malaysia	5083
India	5495	India	4759
Singapore	3920	Sri Lanka	3609
United Kingdom	3369	Singapore	2816
Sri Lanka	2975	United Kingdom	2322
Bangladesh	2355	Bangladesh	1381
Hong Kong	1510	Taiwan	1327
Taiwan	1382	Indonesia	669
Indonesia	968	Hong Kong	567
Japan	945	Papua New Guinea	391
Total for Others	30668		22924
Others not Listed	3189		1962
Grand Total	33857		25002

Note: Figures for 2002 are for the period January-October only.

General

According to official ABS figures, exports for calendar year 2001 increased by 6.6 percent following a 37 percent increase in the previous year. Post believes that a lower Australian dollar combined with high export demand are the driving factors behind increased exports.

Exports for the period January to October 2002 were 25 percent lower than the same period in the previous year. Industry sources believe that poorer quality, caused by adverse climatic conditions, was responsible for the fall in exports. Post has revised exports slightly downwards for CY 2002 based on partial year data. ABS figures show that a small quantity of apples was exported to the United States.

Exports for CY 2003 are forecast to increase 42 percent to 35,000 MT, slightly higher than in CY 2001. This export level is expected to be driven by a larger crop and significantly improved crop quality.

Policy

The apple and pear industry has traditionally been represented by an industry body known as the "Australian Apple and Pear Growers Association of Australia" (AAPGA). AAPGA represented the interests of around 1,500 apple and pear growers. First created in 1945, AAPGA was funded by a levy on apples and pears.

In August 2002, AAPGA became "Apple and Pear Australia Limited (APAL)", a grower-owned company. This essentially took the grower organization from being an "association," to a company under the Corporations Act. In its new form it has a board of directors which represent shareholders. Levy payers are Class A shareholders, and state producer groups are Class B members.

The objectives of APAL are largely unchanged from the old AAPGA. Among the objectives are: engaging in activities which improve the profitability, efficiency and reliability of production of high quality fruit; acting in the interest of apple and pear growers in regards to existing or proposed legislation; and formulating appropriate policies in regard to export strategies and policies.

In CY 2001, the Australian government released a study of the Australian apple industry. The report, titled "The Australian Apple Industry Squeeze," specifically focused on: current practice versus best practice; economic impacts of apple juice imports; and options to improve industry competitiveness.

Of particular interest to industry sources was the issue of concentrated apple juice imports, which are claimed to be imported well below the cost of production in Australia. The study found that "growers and processors of Australian apples lose from the importation of low cost concentrated apple juice." The Minister for Agriculture (the Hon. Warren Truss) has publicly raised the possibility of whether concentrated apple juice is being "dumped" in Australia; however, no official action has been taken.

More recently, prices received for apples suitable for juice production have improved significantly. Post believes this has reduced pressure placed on the Australian Government to act on the dumping issue.

For a copy of the apple industry report see:
http://www.affa.gov.au/docs/industrydevelop/horticulture/applestudy/index.html

Non-tariff Barriers

Fire blight is a major impediment to importing apples into Australia. Australia is currently free of the disease and is very keen to maintain this status. However New Zealand, which has the disease, has been persistent in trying to gain access to the Australian fresh apple market.

In January 1999, New Zealand lodged another access request with Biosecurity Australia (BA) on the basis of "least trade restrictive measure." On October 11, 2000, BA issued a draft Import Risk Analysis (IRA) which set out the conditions under which New Zealand apples could be imported. More than 100 responses have been submitted including from the United States and New Zealand Governments. BA has published the risk assessment panel which will over see the completion of the final IRA.

BA also published a "Scientific Review Paper" in July 2002 and the panel is currently working through the relevant issues.

The process of addressing access requests from the United States will not commence until the New Zealand IRA is completed.

For more information on this issue see: www.affa.gov.au/Biosecurity Australia/current plant IRA's/Apples from New Zealand.

Export Subsidies

No subsidies are paid by Australia for the export of deciduous tree fruit.

Marketing

General

Traditionally the two major horticultural organizations in Australia have been the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC was responsible for research and development and the AHC was responsible for promotional activities. Both organizations were funded by levies paid by growers and received pro-rata government funding for specific purposes.

Horticulture Australia Ltd. (HAL) is the new organization that replaced the AHC and HRDC on February 1, 2001. HAL was established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets, as well as to exploit the opportunities for uptake and commercialization of new technology.

Competitive Activities

According to government reports, HAL spends around A$1.6 million on domestic promotion and A$0.65 million on export market development.

As well as domestic promotion, HAL also organizes export marketing campaigns in key export markets such as Malaysia, India, Hong Kong, Indonesia, Singapore and Sri Lanka under the "Australia Fresh" promotion campaign. A report commissioned by the GOA identifies that consumption of apples is mostly threatened by convenience snack foods which can receive up to seven percent of retail value for marketing. Apple promotion, by contrast, is around one percent of the farm gate value. The report is also critical of HAL's continued reliance on generic promotion when international competitors have switched to product promotion based on varieties.

Fresh Pears

Production

PSD Table						
Country	Australia					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	1950	1950	1950	1950	0	1950
Non-Bearing Trees	550	550	550	550	0	550
Total Trees	2500	2500	2500	2500	0	2500
Commercial Production	160000	168896	165000	165000	0	175000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	160000	168896	165000	165000	0	175000
TOTAL Imports	1027	1027	1000	1000	0	1000
TOTAL SUPPLY	161027	169923	166000	166000	0	176000
Domestic Fresh Consump	74728	80000	84000	84000	0	85000
Exports, Fresh Only	16877	16877	16700	18030	0	21000
For Processing	69422	73046	65300	63970	0	70000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	161027	169923	166000	166000	0	176000

General

According to ABS figures, pear production for CY 2001 reached 168.9 TMT, up 5.5 percent from Post's previous figure. This upward revision comes despite some disease problems earlier in the season and hot and dry conditions toward the end of the season, which constrained production to average levels. Industry sources agree that quality was average to below average.

Post estimates the CY 2002 pear crop (harvested in May-June 2002) at 165 TMT, 2 percent lower than the previous year and unchanged from the previous estimate. Widespread drought conditions will constrain production to virtually the same level as 2001. However, industry sources believe that the quality of the 2002 crop will improve significantly on the previous year as dry conditions have prevented significant pest and disease outbreaks. Post advises that, although industry sources remain confident of this level of production, worsening drought conditions could see water diverted away from pear production toward apple production at the on-farm level.

Post forecasts pear production for CY 2003 to increase six percent to 175,000 MT. This forecast takes into account drought conditions at the time of writing this report, but assumes a return to more normal weather conditions in the near future. With the current health of the crop rated as above average, above average rainfall during the remainder of the growing season could see production increase above Post's forecast.

Crop Quality

Crop quality in CY 2002 has been described as mixed and industry sources suggest that it was below average. Smaller sized fruit together with poorer presentation, due to sunburn and chafing, greatly reduced the general appearance of fruit, contributing to the poorer export performance. At this early stage of the season, Post anticipates greatly improved fruit quality for CY 2003. Drier than average conditions have greatly reduced pest and disease problems.

Cross Commodity Developments

Some industry sources are concerned by the current lack of water available for irrigation. At the time of writing this report, sources suggest that water will be diverted away from lower value crops toward the higher valued crops such as apples and pears. However, if a chronic water shortage should develop, and deciduous fruit growers suffer significant shortages, then water could be diverted away from pear toward apple production.

Post anticipates that if drought conditions worsen, forecast pear production for CY 2003 will have greater downside potential than apple production.

Utilization Patterns

Industry sources suggest that the medium term average utilization for the pear crop is for 40 percent of production to be consumed on the domestic fresh market, 45 percent to be used for processing and the remaining 15 percent to be exported.

Consumption

Prices

In recent times, lower levels of pear production have kept prices relatively firm. Drier than average conditions and an expected increase in fruit quality should allow prices to remain firm or improve slightly.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Malaysia	4872	Singapore	4575
Singapore	4524	Malaysia	3893
Indonesia	2140	Indonesia	3014
Hong Kong	1576	Canada	1811
New Zealand	1202	New Zealand	1388
Canada	646	Hong Kong	851
The Netherlands	356	Belgium	422
India	250	India	320
Fiji	202	Italy	232
New Caledonia	147	The Netherlands	170
Total for Others	15915		16676
Others not Listed	962		1256
Grand Total	16877		17932

Note: Figures for 2002 are for the period January-October only.

Import Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Imports for:	2001		2002
U.S.	0	U.S.	32
Others		Others	
China	1000	China	109
Rep of Korea	17		
Japan	10		
Total for Others	1027		109
Others not Listed	0		25
Grand Total	1027		166

Note: Figures for 2002 are for the period January-October only.

General

Export figures for the first nine months of CY 2002 show a seven percent increase when compared with the same period for the previous year. Despite significant falls in exports to Singapore and Malaysia (Australia's two largest markets), dramatic increases were experienced in smaller markets such as Indonesia, Canada and New Zealand. Post has increased the export estimate for CY 2002 to 18,030 MT, in line with the increase in year-to-date figures.

Post anticipates that despite the current drought, a slightly larger crop in CY 2003, improved average quality and higher levels of fruit suitable for export should see exports increase 11 percent to around 20,000 MT.

Marketing

General

See marking section under apples.

Competitive Activities

The AHC has used the “Australia Fresh” scheme as an integral part of export promotion in Asian markets. Australia Fresh is an umbrella brand and promotional support program with the sole aim of creating a preference for Australian fruit and vegetables in export markets (see Apples, Competitive Activities).

Policy

General

Fire blight is the major impediment to U.S. pear exports to the Australian market. For further information see the Commodity Outlook, Policy, section for fresh apples.

Export Subsidies

There are no subsidies paid by Australia for the export of deciduous tree fruit.